BIOCON BIOLOGICS LIMITED

Annual report and financial statements
for the year ended
March 31, 2020

Company registration number: 10038295

Company Information

Directors	Daniel Bradbury Russell Walls John Shaw
Registered Number	10038295
Registered Office	16 Great Queen Street, Covent Garden, London, United Kingdom, WC2B AH
Independent Auditor	KPMG LLP Chartered Accountants Botanic House 100 Hills Road Cambridge CB2 1AR
Banker	HDFC Bank Limited – Hong Kong Suite 1707, Gateway, Tower 1, Kowloon, Hong Kong

Contents

STRATEGIC REPORT

Introduction

Biocon Biologics Limited ("the Company" or "Biocon") is a company limited by shares. The Company is domiciled in England, in the United Kingdom. The directors present their strategic report together with the audited financial statements for the year ended March 31, 2020.

Principal activities

The Company is engaged in research and development and commercialisation of various monoclonal antibodies and other recombinant proteins products.

Business review and future developments

Ogivri™, biosimilar Trastuzumab, co-developed with Mylan was launched in the United States during FY20. Ogivri™ had already received approval in the United States in December 2017, where it was the first biosimilar Trastuzumab to be approved. It is the second biosimilar from our partnered portfolio commercialized in the United States after Fulphila®, biosimilar Pegfilgrastim which was launched in FY19. Ogivri™ was also commercialized in Australia, Canada and additional EU markets by Mylan (co development partner). It was launched in Europe towards the end of FY19. Through our biosimilar Trastuzumab, we continued to enhance access to a critical biologics therapy for cancer patients in several emerging markets as well.

Mylan commercialized biosimilar Adalimumab (Brand name Hulio™, in-licensed from a third party - Fujifilm Kyowa Kirin Biologics) in FY19 in Europe in which Biocon Biologics receives economic benefit. It extended the commercial footprint of Hulio™ to additional markets in Europe during the year under review and Biocon Biologics benefitted from higher sales and market shares of Hulio™ across key markets. Mylan also extended the commercialization rights for Hulio™ from Europe to global markets and Biocon Biologics under the terms of its global partnership with Mylan for monoclonal antibodies, retains its economic interest in this expanded in-licensing arrangement, and will gain a share of profits from global markets.

On the development front, our partner Mylan filed a Biologics License Application (BLA) for our proposed biosimilar Bevacizumab in the United States and a Marketing Authorization Application in Europe. In the United States, FDA has accepted Mylan's BLA for review under the 351(k) pathway. The FDA goal date set under the Biosimilar User Fee Act (BsUFA) is December 27, 2020. The European application has also been accepted and is under review.

Biocon Biologics also in-licensed an early stage preclinical biosimilar asset from Just - Evotec Biologics, a subsidiary of Evotec SE and will develop, manufacture and commercialize the biosimilar under the Biocon Biologics label in global markets. Just - Evotec, received an undisclosed license fee and will receive milestone payments.

Principal risks and uncertainties

The global pharma landscape is affected by product safety and quality issues, intellectual property disputes and inappropriate marketing practices thereby leading to penalties, product recalls, brand loss and revenue loss. The regulatory landscape of the international pharma industry is complex and dynamic. The primary industry driver is patient health and safety even as regulatory approach to patient protection can vary from market to market. Pharmaceutical companies struggle to globally enforce IP protection, particularly in some emerging markets. Enhanced regulatory scrutiny is set against a backdrop of increasing patient advocacy, social media and affiliate marketing programmes.

Although the comprehensive eradication of risks associated with the business of the Company is unfeasible, constant efforts are made to analyse their potential impact, assess the changes to risk environment and define actions to mitigate their adverse impact.

In addition to the above, the key risks relating to our current operations, which we believe could cause our actual results to differ materially from expected and historical results include risk of our R&D programs failing or not getting completed on a timely basis, risk of non-adherence to good manufacturing practices on an ongoing basis, risk arising out of strategic co-development arrangements with a partner, risk arising out of strategic projects where significant investments are made, changing global political and regulatory landscape, continued adherence to environment and safety related requirements and critical information loss.

The directors consider that the financial risk relevant to the Company are credit risk, liquidity risk and market risk.

Credit risk
Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables. As it markets and sells its products to customers in different territories, the Company has no significant credit risk, though relatively few customers accounted for a substantial portion of the Company's sales. The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To mitigate the liquidity risk, the Company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Currency risk
The Company operates mainly in US Dollars which is also its functional currency. The Company believes that there is material foreign exchange risk which arises transactions in currencies other than its functional currency.

Brexit
On June 23, 2016, United Kingdom (UK) passed a referendum for the withdrawal of the UK from the European Union (EU). On January 31, 2020, the UK left the European Union and entered a transition period that is due to run until the end of the calendar year. The risks associated with Brexit remain due to there being no clarity on the long-term trading relationship with the EU. Although the UK entered the standstill transition period, uncertainty over the longer-term trade issues could remain until December 31, 2020. The Company will continue to monitor the possible impacts of Brexit closely during the Brexit Transition Period.

The macro level risk for the Company in term of supply chain and other areas remains unchanged due to continued focus on US and ROW market and the Company's procurements outside the UK/EU. As regulations develop, we will assess how our business may need to change, and if any revision in our plans are required along with consequential financial impact, if any. However, over the longer term, we continue to believe that Brexit will not have a material impact on our business.

Key Performance Indicators (KPIs)
The board monitors progress on the overall Company strategy and the individual strategic elements by reference to financial KPIs, specifically revenue, research & development expenses and profits.

During the year ended March 31, 2020, the Company reported USD' 175.1 million as revenue and earned a net profit of USD 27.7 million as against revenue of USD 114.69 million and net profit of USD 46.6 million in the previous year. Ogivri®, biosimilar Trastuzumab launch witnessed good acceptance in the US market, and along with continued strong uptake of Trastuzumab in key emerging markets along with Pegfilgrastim in US market led to strong revenue growth in this fiscal.

During the year USD 44.5 million (March 31, 2019: USD 11 million), net of recovery from co-developer and capitalisation was spent by the Company on research and development activities. The Company saw a strong revenue growth compared to previous year. However, the net profits were muted on account of high R&D spends and cost of goods.

Employee matters
The Company is part of Biocon Limited and its subsidiaries (Group) which places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. As a responsible employer, it provides modern and professional working environment. Compliant with all relevant human resources and health and safety regulations, it strives to offer competitive employment packages with opportunities for personal and professional development.

Environmental matters
The Company is a part of Group which has a policy is to adopt the best global practices in Environment, Health and Safety ("EHS"). Our comprehensive governance system bolstered by best-in-class infrastructure, specialised EHS systems, competent teams and comprehensive programs. Health and safety are integral parts of a broader environment and the core of our leadership decisions process is focused on providing a safe and healthy work environment. We train, empower and require our employees to take individual responsibility for health and safety.

Section 172 statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006. In discharging our section 172 duty, we have regard for these factors taking them into consideration when decisions are made. Examples of how the Directors have oversight of stakeholder matters and had regard for these matters when making decisions are set out below.

Decisions are made by the Board which can impact one or more of our key stakeholder groups in quite different ways. This requires a considered and balanced approach to decision-making, ensuring high-quality information is provided to the Board in a timely manner, and diversity of thought and open discussion amongst Directors is encouraged by the Chairman during meetings.

Customers
We are focused on deepening our engagement with our customers to develop long-term valuable and sustainable relationships. The Board receives updates on the competitive market that we operate in, which helps to form our strategy and goals for the coming year - ensuring that our customers are at the heart of what we do.

Shareholders
A key objective of the Board is to create value for shareholders and deliver long-term, sustainable growth. The Company is a wholly owned subsidiary of Biocon Biologics India Limited. The Board receives continuous guidance and communication from the parent company in terms of both strategic and operational matters. Annual and interim reports are shared with shareholder regularly.

Employees
The experience and expertise of our employees is essential for the delivery of our strategic objectives. Operating within a culture of openness and inclusivity ensures that each of our employees is focused on delivering great service for our customers The Board receives updates on key elements of the people strategy which provides insight into a variety of areas including culture, diversity and inclusion, succession planning, future capabilities and colleague engagement. The Board places great importance on looking after the safety of employees.

Suppliers
The Board is committed to building trusted partnerships with our suppliers, which are crucial to delivering many of our commitments. Through these partnerships, we deliver value and quality to our customers, and we help our partners to develop and grow. The Board places great importance on ensuring suppliers are treated fairly.

Governments and Regulators
Our relationship with governments and regulators is important to ensure policies are developed in the interests of our customers and the industry, while also enabling them to better understand our impact on the community and the environment. We regularly participation in company and industry meetings with government and regulators.

Community
The Board is committed to improving sustainability and helping communities thrive by positively contributing both socially and economically. We strive to make sustainable products accessible and affordable for all. A key consideration of the Board in making its decisions is to balance the sometimes conflicting needs of our stakeholders to ensure they are all treated consistently and fairly.

Decision-making
Faced with the sudden and unprecedented short- and long-term impact of the COVID-19 pandemic, both social and economic, it is important for the Board to demonstrate the strength of its leadership through fair and balanced decision-making. As the interests of key stakeholder groups continue to evolve, the Board will maintain its engagement to ensure their interests continue to be well understood in order to be appropriately considered and balanced in Board decision-making.

The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The measures are in line with the guidance of national government. The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in UK and globally. The Company will continue to closely monitor any material changes to future economic conditions.

On behalf of Board of Directors

John Shaw
Director

Date: September 30, 2020

DIRECTORS' REPORT

Introduction
The directors present their report together with the audited financial statements for the year ended March 31, 2020.

The Directors' report and audited financial statements of the Company have been prepared in accordance with Companies Act 2006.

Directors
The directors who held office during the year, and subsequent to the year end, were as follows:

- Russell Walls
- John Shaw
- Daniel Bradbury (appointed July 29, 2019)
- Kiran Mazumdar Shaw (resigned July 29, 2019)

Results and dividends
The statement of profit and loss and other comprehensive income is set out on page 12 of the financial statements and shows the results for the year.

The Company during the year paid an interim dividend of USD 6.5 million. The directors do not recommend the payment of a final ordinary dividend (March 31, 2019: Nil).

Post balance sheet events
In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The measures are in line with the guidance of national government.

The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in UK and globally. The Company will continue to closely monitor any material changes to future economic conditions.

Financial Instruments
The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk which has been included in the Strategic Report.

Research and development
During the year USD 44.5 million (March 31, 2019: USD 11 million), net of recovery from co-developer and capitalisation was spent by the Company on research and development activities.

Political contributions
Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year as well as the previous year.

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' indemnities
Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Going concern
The directors believe that the Company's assumption of going concern is appropriate based on their assessment. Please refer note 2(a) for details.

Energy and carbon emission
Since the Company is a low energy user, the energy and carbon emission information are not disclosed in this report.

Other information
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

Auditor
Pursuant to Section 487 of the Companies Act 2006, KPMG LLP are deemed to be reappointed as the auditor of the Company.

On behalf of Board of Directors

John Shaw
Director

Date: September 30, 2020

Company registered address: 16 Great Queen Street, Covent Garden, London, United Kingdom, WC2B AH

Company registration number: 10038295

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIOCON BIOLOGICS LIMITED

Opinion

We have audited the financial statements of Biocon Biologics Limited ("the company") for the year ended 31 March 2020 which comprise the Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

M. Radwell

Matthew Radwell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date: 1 October 2020

BIOCON BIOLOGICS LIMITED

Balance Sheet

All amounts are in USD'000	**Note**	**March 31, 2020**	**March 31, 2019**
Non-current assets			
Intangible assets	3	70,833	23,733
Intangible assets under development	3	44,314	78,316
Investments	4	2,22,502	1,16,902
Income-tax asset (net)		1,307	-
		3,38,956	**2,18,951**
Current assets			
Contract assets		6,932	17,740
Trade and other receivables	5	35,603	24,523
Cash and cash equivalents	6	15,190	26,070
Prepayments and other assets	7	1,440	511
		59,165	**68,844**
Total assets		**3,98,121**	**2,87,795**
Equity			
Equity share capital	8	1,59,200	1,59,200
Retained earnings		51,635	30,397
		2,10,835	**1,89,597**
Non-current liabilities			
Contract liabilities		8,073	9,453
Deferred revenue		43,355	23,735
		51,428	**33,188**
Current liabilities			
Trade payables	9	1,21,663	57,832
Deferred tax liability (net)	10	10,175	3,986
Income-tax liability (net)		1,754	943
Contract liabilities		2,266	2,249
		1,35,858	**65,010**
Total equity and liabilities		**3,98,121**	**2,87,795**

The notes on the pages 14 to 30 also form part of these financial statements

These financial statements were approved by the board of directors on September 30, 2020 and were signed on its behalf by:

John Shaw
Director

Company registered number: 10038295

BIOCON BIOLOGICS LIMITED

Statement of Profit and Loss

All amounts are in USD'000		For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue	11	1,75,133	1,14,686
Purchases of traded goods		72,330	22,116
Amortisation	3	6,413	1,017
Research and development expenses	12	44,517	10,989
Staff costs	13	1,771	-
Selling Expenses		11,885	20,314
Other expenses	13	2,400	4,802
Total expenses		**1,39,316**	**59,238**
Operating profit		**35,817**	**55,448**
Financial income	14	79	33
Financial expense	14	(21)	(37)
Net financing income / (expenses)		**58**	**(4)**
Profit before tax		**35,875**	**55,444**
Tax expense			
Tax on profit	15	(8,137)	(8,857)
Profit and total comprehensive income for the financial year		**27,738**	**46,587**

The notes on the pages 14 to 30 also form part of these financial statements

i) All amounts relate to continuing operations in both the current and prior year
ii) Total comprehensive income relates entirely to the 100% equity holders of the company.
iii) There are no items of other comprehensive income in the current or prior year.

BIOCON BIOLOGICS LIMITED
Statement of Changes in Equity
All amounts are in USD'000

	Share capital	Retained earnings	Total equity
Balance at April 1, 2018	**1,48,200**	**(4,868)**	**1,43,332**
Profit for the year	-	46,587	46,587
Total comprehensive income for the year	**-**	**46,587**	**46,587**
Transactions with owners, recorded directly in equity			
Issue of ordinary shares (refer note 8)	11,000	-	11,000
Adjustment pursuant to adoption of IFRS 15, net of tax impact	-	(11,322)	(11,322)
Total contributions by and distributions to owners	**11,000**	**(11,322)**	**(322)**
Balance at March 31, 2019	**1,59,200**	**30,397**	**1,89,597**
Profit for the year	-	27,738	27,738
Total comprehensive income for the year	**-**	**27,738**	**27,738**
Transactions with owners, recorded directly in equity			
Dividend paid	-	(6,500)	(6,500)
Total contributions by and distributions to owners	**-**	**(6,500)**	**(6,500)**
Balance at March 31, 2020	**1,59,200**	**51,635**	**2,10,835**

The notes on the pages 14 to 30 also form part of these financial statements

1. Reporting entity

Biocon Biologics Limited ("the Company") is a company limited by shares incorporated and domiciled in England, in the United Kingdom. The registered number is 10038295 and the registered address is 16 Great Queen Street, Covent Garden, London, United Kingdom, WC2B AH.

2. Basis of preparation of financial statements

a. Statement of compliance

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The amendments of FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a subsidiary undertaking of Biocon Biologics India Limited incorporated in India. The largest group in which the results of the Company are consolidated is that headed by Biocon Limited, 20th KM, Hosur Road, Electronic City, Bangalore, India. The results of the Company also get consolidated in the consolidated financial statements of parent company, Biocon Biologics India Limited. The consolidated financial statements of the group is available to the public and may be obtained from the official website www.biocon.com.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Disclosures in respect of capital management;
- The effects of new but not yet effective International Financial Reporting Standards.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosure, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IAS 32 Financial instruments: Presentation;
- Disclosures required by IFRS 7 Financial Instrument Disclosures;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going Concern

Notwithstanding net current liabilities of USD ('000) 76,693 as at March 31, 2020, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 and accordingly has prepared cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements, which indicate that taking account of reasonably possible downsides the company will have sufficient funds to meet its liabilities as they fall due for that period. The possible downside scenarios which have been considered while forecasting the cash flows, are no new growth in sales, no increment or new hires except critical positions, no new initiatives in R&D, operational spends in line with activity level.

Those forecasts are dependent on the company's immediate parent company, Biocon Biologic India Limited, not seeking repayment of the amounts currently due to the group, which at the balance sheet date amounted to USD ('000) 100,700. Biocon Biologics India Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts and has an intention to provide sufficient financial support to the Company for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

b. Functional and presentation currency

These standalone financial statements are presented in United States Dollar (USD), which is also the functional currency of the Company. The functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

c. Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2(b) — Assessment of functional currency;
- Note 2(g) — Financial instruments;
- Note 2(h) — Useful lives intangible assets;
- Note 2(n) — Lease classification;
- Note 2(k), 15 and 17 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets;
- Note 2(l) and 11 — Revenue recognition: whether revenue from sale of product and licensing income is recognised over time or at a point in time.

d. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2020 is included in the following notes:

- Note (i) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2(g) – impairment of financial assets; and

Estimation of uncertainties relating to the global health pandemic from COVID-19 ("COVID-19")

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Impairment of financial / non-financial assets

The recoverable amount of the investments and intangible assets under development were based on the fair value estimated using discounted cash flows. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent Management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Key assumptions	Investment	Intangible assets
Discount rate	15%	17.8%
Terminal value growth rate	-5%	-5%
Average EBITDA growth	6%	14%

e. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

f. Investments

Investments in subsidiary undertakings are stated at cost, less provision for any impairment in value.

g. Financial instruments

(i) Initial recognition and measurement
A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

Financial asset comprises of trade and other receivables and contract assets. These financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequently these assets are held at amortised cost, using effective interest method and net of any impairment losses.

Impairment

In accordance with IFRS 9, the Company applies the Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the following:

- financial assets measured at amortised cost; and
- Contract assets as defined in IFRS 15

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL's are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

Financial liabilities

Trade payables are initially recognised at fair value plus any directly attributable transaction costs. Trade payables are subsequently measured at amortised cost, using effective interest method.

(iii) Cash and cash equivalents
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

h. Intangible assets

i. Research and development
Expenditure on research activities is recognised in statement of profit or loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets (continued)

ii. Other intangible assets
Other intangible assets acquired by the company are measured at fair value upon initial recognition, which forms its cost of acquisition, less accumulated amortisation and any accumulated impairment losses.

iii. Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit or loss as incurred.

iv. Amortisation
Amortisation of intangible assets commence when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

• Intellectual property rights	7 years
• Marketing and Manufacturing rights	7 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

i. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.

The recoverable amount of a CGU (or an individual asset) is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flow, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to CGU (or the asset).

The Company's non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts
A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the company recognises any impairment loss on the assets associated with that contract.

k. Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

I. Revenue from contracts with customers

The Company implemented the new standard IFRS 15 'Revenue from Contracts with Customers' effective April 1, 2018 using cumulative effect method.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is an unconditional right to receive cash, and only passage of time is required, as per contractual terms.

i. Sale of goods

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Company in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

ii. Milestone payments and out licensing arrangements

The Company enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Company recognise or defer the upfront payments received under these arrangements.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product- or technology- related intellectual property (IP). These agreements may be entered into with no further obligation or may include commitments to regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments and other fees. These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of IFRS-15 'Revenues from Contracts with Customers, is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will bundled with the subsequent product supply obligations. The new standard provides an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred.

The Company recognises a deferred income (contract liability) if consideration has been received (or has become receivable) before the company transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Company expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts.

Revenue from contracts with customers (continued)

iii. Royalty income and profit share
The royalty income and profit share earned through a License or collaboration partners is recognised as the underlying sales are recorded by the Licensee or collaboration partners.

m. Interest income and expense

Interest income or expense is recognised using the effective interest method.

n. Leases

The Company as lessee:
The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset;
- The Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Certain lease agreements include an option to extend or terminate the lease before the end of lease term. ROU assets and the lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., higher of fair value less cost to sell and the value-in-use) is determined on individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of- use assets if the Company changes its assessment if whether it will exercise an extension or a termination of option.

Lease liability and ROU asset are separately presented in the Balance Sheet.

Transition
The Company did not have any lease contracts existing on April 1, 2019.

All amounts are in USD'000

3. Intangible assets and Intangible assets under development

	Marketing and Manufacturing rights	Intellectual Rights	Total intangible assets	Product under development: Intellectual property rights	Product under development: Marketing and Manufacturing rights	Product under development: Total intangible under development
Gross carrying amount						
At April 01, 2018	-	-	-	73,437	7,500	80,937
Other acquisitions - internally developed			-	19,129	-	19,129
Other acquisitions - externally purchased	3,000	-	3,000	-	-	-
Transfer from under development to intangible						
- internally developed	-	14,250	14,250	(14,250)	-	(14,250)
- externally purchased	7,500	-	7,500	-	(7,500)	(7,500)
At March 31, 2019	**10,500**	**14,250**	**24,750**	**78,316**	**-**	**78,316**
Other acquisitions - internally developed	-	-	-	8,511	-	8,511
Other acquisitions - externally purchased	-	-	-	-	11,000	11,000
Transfer from under development to intangible	-	-				
- internally developed	-	53,513	53,513	(53,513)	-	(53,513)
At March 31, 2020	**10,500**	**67,763**	**78,263**	**33,314**	**11,000**	**44,314**
Accumulated amortisation						
At April 01, 2018	-	-	-	-		-
Amortisation for the year	565	452	1,017	-		-
At March 31, 2019	**565**	**452**	**1,017**	**-**	**-**	**-**
Amortisation for the year	1,516	4,897	6,413	-		-
At March 31, 2020	**2,081**	**5,349**	**7,430**	**-**	**-**	**-**
Net carrying amount						
At March 31, 2019	**9,935**	**13,798**	**23,733**	**78,316**	**-**	**78,316**
At March 31, 2020	**8,419**	**62,414**	**70,833**	**33,314**	**11,000**	**44,314**

(a) During the year ended March 31, 2020, the Company has capitalised intangibles amounting to USD 53,513 (March 31,2019: USD 14,250) being internally developed and USD Nil (March 31,2019: USD 7,500) being externally purchased as these intangibles meet the recognition criteria under IAS 38 - Intangible Assets. Accordingly, these assets have been transferred from Product under development to Intangible assets.

(b) The cost of products under development are not being amortised since they are still not under use.

All Amounts are in USD'000	March 31, 2020	March 31, 2019
4. Non-current investments		
I. Unquoted equity shares		
Biocon Sdn. Bhd., Malaysia - 6,652,758 (March 31, 2019: 6,652,758) equity shares of RM 10 each; Holding - 100%	16,865	16,865
Biocon Healthcare Sdn. Bhd., Malaysia - 2,000,000 (March 31,2019: Nil) equity shares of RM 1 each; Holding - 100% (March 31,2019 - Nil)*	-	-
Total investments in equity instruments	**16,865**	**16,865**

* Amount is USD 24 for March 31, 2020. Since all amounts are rounded off to USD'000 hence USD 24 is not appearing.

II. Unquoted preference shares		
Biocon Sdn. Bhd., Malaysia - 32,962,098 (March 31, 2019: 32,962,098) Non-cumulative redeemable convertible preference shares of RM 10 each; Holding - 90% (March 31, 2019: 90%)	84,737	84,737
	84,737	**84,737**
III. Others		
Biocon Sdn. Bhd - Preference share application money pending allotment	1,20,900	15,300
Total non-current investments	**2,22,502**	**1,16,902**

Details of the subsidiaries are as follows:
Biocon Sdn. Bhd. is a private company incorporated and domiciled in Malaysia. The address of the registered office of the subsidiary is Level 7, Menara Milenium, Jalan Damanlela, Damansara Heights - 50490, Kuala Lumpur. The subsidiary is engaged in the manufacture of various insulin products and research and development activities of biopharmaceutical products. Biocon Sdn. Bhd has set up state of the art integrated manufacturing facility for insulin active pharmaceutical ingredients and insulin drug formulation in Johor, Malaysia.
During the year, the Company has invested USD 105,600 in Biocon Sdn. Bhd. against application money towards Non-cumulative redeemable convertible preference shares. These investments are made throughout the year.

Biocon Healthcare Sdn. Bhd. is a private company incorporated and domiciled in Malaysia. The address of the registered office of the subsidiary is Unit D-3-5, Level 5, Block D, SetiaWalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan. The subsidiary is engaged in the business of trading in medical equipment and accessories.

On November 12, 2019, the Company subscribed and agreed to purchase 200,000 shares of common stock, USD 1 par value per share of Biocon Biologics Inc., ("BBI") in exchange of USD 200,000. Subsequently USD 10,000 has been remitted by the Company in BBI for which issue of shares is pending.

BBI is domiciled in United States of America. The address of the registered office of the subsidiary is 1013, Centre Road, Suite 403S, Wilmington, New Castle, De. The subsidiary is engaged in the sale of biopharmaceutical products.

5. Trade receivables

Trade receivables	16,492	22,347
Other receivables	18,992	2,176
Other receivables (Intercompany)	119	-
	35,603	**24,523**

The above trade and other receivables are receivable within one year.

All Amounts are in USD'000	**March 31, 2020**	**March 31, 2019**

6. Cash and cash equivalents

Balances with banks:		
On current accounts	14,567	25,740
Deposits*	623	330
	15,190	**26,070**

* Deposits are subject to first charge against guarantees obtained.

7. Prepayments and other assets

Advance to suppliers	1,247	360
Prepayments	162	151
Others	31	-
	1,440	**511**

8. Capital and reserves

A. Ordinary share capital

Authorised share capital 116,771,297 (March 31, 2019: 116,771,297) ordinary shares of GBP 1 each	**1,59,200**	**1,59,200**

As at April 01,2019	1,59,200	1,33,200
Issued for cash during the year	-	11,000
Issued against share application money pending allotment	-	15,000
On issue at March 31,2020	**1,59,200**	**1,59,200**

Allotted, called up and fully paid 116,771,297 (March 31, 2019 - 116,771,297) equity shares of GBP 1 each	1,59,200	1,59,200
	1,59,200	**1,59,200**

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Issue of ordinary shares

During the year ended March 31, 2019 the Company issued 8,251,778 ordinary shares of GBP 1 per share for a consideration of USD 11,000, settled in cash.

During the year ended March 31, 2019 the Company also issued 10,796,809 ordinary shares of GBP 1 per share against the share application money which was pending allotment as on March 31, 2018 amounting to USD 15,000.

B. Nature and purpose of reserves

Retained earning

The amount that can be distributed by the Company as dividends to its equity shareholders.

All Amounts are in USD'000	March 31, 2020	March 31, 2019
9. Trade payables		
Trade payables due to related parties (refer note 16)	1,03,102	34,411
Trade payables	15,561	20,421
Payables for capital goods	3,000	3,000
	1,21,663	**57,832**

Above trade and other payables balances are payable with one year

10. Deferred tax liabilities and assets

Deferred tax liability		
Intangible assets	10,743	5,651
Gross deferred tax liability	**10,743**	**5,651**
Deferred tax assets		
Contract Liabilities	(568)	(1,665)
Gross deferred tax assets	**(568)**	**(1,665)**
Net deferred tax liabilities	**10,175**	**3,986**

All amounts are in USD'000	For the year ended March 31, 2020	For the year ended March 31, 2019

11. Revenue from contracts with customers

Sale of goods*	1,71,949	1,11,768
Licensing and development fees	2,263	2,218
Royalty income	921	700
	1,75,133	**1,14,686**

* includes profit share

11.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Primary geographical markets		
Ireland	1,35,871	56,025
Brazil	16,308	37,718
Netherlands	5,542	15,213
Rest of the world	17,412	5,730
	1,75,133	**1,14,686**

Geographical revenue is allocated based on the location of the customers.

11.2 Changes in contract liability - licensing arrangements:

Balance at the beginning of the year	11,702	-
Add:- Adjustment in opening reserve on transition to IFRS 15	-	13,320
Add:- Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	900	600
Less: Revenue recognised during the year	(2,263)	(2,218)
Balance at the end of the year	**10,339**	**11,702**

Expected revenue recognition from remaining performance obligations:		
- Within one year	2,266	2,249
- More than one year	8,073	9,453
	10,339	**11,702**

11.3 Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	March 31, 2020	**March 31, 2019**
Trade receivables	16,492	22,347
Contract assets	6,932	17,740
Contract liabilities	10,339	11,702

Trade receivables are non-interest bearing.

All amounts are in USD'000	For the year ended March 31, 2020	For the year ended March 31, 2019
12. Research and development expenses		
Research and development expenses	70,459	33,464
Less: Recovery from co-developer	(17,431)	(3,346)
Less: Expenses incurred on account of Intangible assets under development (refer note 3)	(8,511)	(19,129)
	44,517	**10,989**

13. Expenses, staff costs and auditor's remuneration

Included in profit or loss are the following;		
Lab consumables	192	804
Rates and taxes	-	6
Professional fees	1,699	3,741
Travelling and conveyance	280	-
Insurance Charges	29	-
Others [refer note (a) below]	200	251
	2,400	**4,802**
Staff costs		
Wages, salaries and others	1,771	-
	1,771	**-**

(a) Includes USD 36 (March 31, 2019: Nil) of lease payments. The Company applies the short-term and low value asset lease recognition exemption to its short-term and low value leases of certain premises taken on lease.

The directors of the Company have not received any emoluments in respect of their directorship. The number of employees is 10 in the year ended March 31, 2020 (March 31, 2019: Nil). The employees are primarily involved in marketing, business alliance, human resource, portfolio and analytics functions.

Auditor's remuneration		
Audit of these financial statements	72	43

14.Finance income and expense

Finance income		
Interest income on:		
Deposits with banks	52	33
Net foreign exchange gain	27	-
	79	**33**
Finance expenses		
Net foreign exchange loss	-	(23)
Bank charges	(21)	(14)
	(21)	**(37)**
Net financing income / (expenses)	**58**	**(4)**

All amounts are in USD'000	For the year ended March 31, 2020	For the year ended March 31, 2019

15. Taxation

(a) Amount recognised in Statement of profit and loss

Profit for the year	27,738	46,587
UK corporation tax		
Current tax on income for the year	3,250	2,874
Previous year adjustments	(1,301)	-
Total current tax	**1,949**	**2,874**
Deferred tax		
Origination and reversal of temporary differences	5,727	6,805
Reduction in tax rate	461	103
Recognition of previously unrecognised tax losses	-	(925)
Total deferred tax	**6,188**	**5,983**
Tax on profit	**8,137**	**8,857**

(b) Amount recognised directly in equity

Deferred tax recognised directly in equity*	-	(1,997)

(c) Reconciliation of effective tax rate

Profit for the year	27,738	46,587
Total tax expense	8,137	8,857
Profit excluding taxation	**35,875**	**55,444**
Tax using the UK corporation tax rate of 19% (March 31, 2019 : 19%)	6,816	10,534
Increase / reduction in tax rate on deferred tax balances	461	(752)
Recognition of previously unrecognised tax losses	-	(925)
Previous year adjustments	(1,301)	-
Provision for uncertain tax position	1,059	-
Others	1,102	-
Total tax expense	**8,137**	**8,857**

* Pertains to deferred tax on contract liability recognised pursuant to adoption of IFRS 15.

A reduction in the UK corporation tax rate from 19% to 17% (effective from April 1, 2020) was substantively enacted on September 6, 2016, and the UK deferred tax asset as at March 31, 2020 has been calculated at 19%. In the March 11, 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from April 1, 2020. This will have a consequential effect on the company's future tax charge.

(d) Recognised deferred tax assets and liabilities

The following is the movement of deferred tax assets / liabilities presented in the consolidated balance sheet

For the year ended March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
Deferred tax liability				
Intangible assets	5,651	5,092	-	10,743
Gross deferred tax liability	**5,651**	**5,092**	**-**	**10,743**
Deferred tax assets				
Contract Liabilities	(1,665)	1,097	-	(568)
Gross deferred tax assets	**(1,665)**	**1,097**	**-**	**(568)**
	3,986	**6,189**	**-**	**10,175**

All amounts are in USD'000

15. Taxation (continued)

For the year ended March 31, 2019	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
Deferred tax liability				
Intangible assets		5,651	-	5,651
Gross deferred tax liability	**-**	**5,651**	**-**	**5,651**
Deferred tax assets				
Contract Liabilities		332	(1,997)	(1,665)
Gross deferred tax assets	**-**	**332**	**(1,997)**	**(1,665)**
	-	**5,983**	**(1,997)**	**3,986**

16. Related parties

Identity of related parties
For the purposes of financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

List of related parties with whom the Company had transactions during the year:

Name of related parties	**Nature of relationship**
Biocon Limited	Ultimate Holding Company
Biocon Biologics India Limited	Holding Company
Biocon Sdn. Bhd.	Subsidiary
Biocon Healthcare Sdn. Bhd.	Subsidiary
Biocon Research Limited	Fellow subsidiaries
Syngene International Limited	Fellow subsidiaries
Biocon Pharma UK Limited	Fellow subsidiaries

The Company has the following related party transactions

A. Other related party transactions	March 31, 2020	March 31, 2019
Expenses		
Ultimate Holding Company		
Purchases of traded goods	886	22,116
Research and development expenses	2,555	18,353
Professional charges	-	1,875
Expense incurred on behalf of related party	73	-
Holding Company		
Purchases of traded goods	71,444	-
Research and development expenses	59,791	-
Expense incurred on behalf of related party	194	-

All amounts are in USD'000

16. Related parties (continued)

Subsidiary	**March 31, 2020**	**March 31, 2019**
Professional charges	-	100
Investment in subsidiary	-	-
Other related parties (Fellow subsidiaries)		
Research and development expenses	181	13,101
Expense incurred on behalf of related party	(119)	-

B. Balance outstanding

Payables

Ultimate Holding Company	(2,124)	(23,861)
Holding Company	(1,00,700)	-
Subsidiaries	(113)	(113)
Other related parties (Fellow subsidiaries)	(166)	(10,437)

Receivables

Other related parties (Fellow subsidiaries)	119	-

17. Contingent liabilities

Guarantees		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company	579	286

18. Post balance sheet events

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The measures are in line with the guidance of national government.

The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in UK and globally. The Company will continue to closely monitor any material changes to future economic conditions.

19. Controlling Party

The ultimate parent company and controlling party is Biocon Limited, a public Company incorporated in India. The largest group in which the results of the Company are consolidated is that headed by Biocon Limited, 20th KM, Hosur Road, Electronic City, Bangalore, India.
The results of the Company also get consolidated in the Consolidated financial statements of parent company, Biocon Biologics India Limited. The ultimate parent company produces publicly available financial statements. The consolidated financial statements of Biocon Group can be publicly obtained from the official website, www.biocon.com.